

Administrative and managerial issues of tax reforms

Административно-управленческие проблемы налоговых реформ

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THE INFLUENCE OF ELECTRONIC INVOICE ON TAX COLLECTION AND TAX REFORM IN CHINA

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ABSTRACT

Popularization and application of electronic invoice are closely related to the development of global e-commerce and the advent of the digital economy era. The article explores the use of electronic invoice in European Union and China's Taiwan region and China. The research perspectives of electronic invoices in China and other countries are diverse. These studies have certain forward-looking and systematic character, and put forward a lot of suggestions and measures for the application and management of electronic invoice. Most of the related research ignore the interdependence of the relevant theory and practical promotion of electronic invoice, and the impact of electronic invoices on tax collection and tax reform. The analysis of the influence of electronic invoices on tax collection demonstrated that electronic invoice helps to strengthen the taxation in the field of e-commerce; saving costs and boosting environmental protection; improves the efficiency of tax collection and management, and speeds up informatization of government management. Although the promotion and application of electronic invoice in China has achieved some success, there are still some problems, such as the lack of in-depth understanding of electronic invoice, there are problems of reimbursement in the process of printing of electronic invoice, there is a gap between the application of electronic invoice and the current management model of electronic invoice which is a copy of the traditional model of paper invoice. These questions are worth a further discussion and analysis

KEYWORDS

Electronic invoice, tax collection, tax reform, China's tax system, digital economy

HIGHLIGHTS

1. The promotion of electronic invoice is an important measure to implement "Internet plus Taxation"
2. Electronic invoice will lay a solid foundation for the China's digital economy tax reform
3. In short term, the development of electronic invoice results in a double-track system which shows that China's electronic invoice and paper invoices coexist
4. In the long run, the development of electronic invoice forced China's tax reform and leads to the reconstruction of the current paper invoice system of China

ВЛИЯНИЕ ЭЛЕКТРОННЫХ СЧЕТОВ-ФАКТУР НА НАЛОГОВОЕ АДМИНИСТРИРОВАНИЕ И НАЛОГОВЫЕ РЕФОРМЫ В КИТАЕ

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АННОТАЦИЯ

Внедрение и популяризация электронных счетов-фактур тесно связана с развитием глобальной электронной коммерции и наступлением эры цифровой экономики. В статье проанализирован опыт использования электронных счетов-фактур в Европейском Союзе, Китайской провинции Тайвань и Китае. Исследования применения электронных счетов-фактур в Китае имеют определенные отличия от других стран, в них систематизируется существующий опыт, предлагаются различные решения и меры для внедрения и управления электронными счетами-фактурами. Однако большинство исследований не затрагивают взаимосвязь теоретических и практических аспектов применения электронных счетов-фактур и их влияние на сбор налогов и налоговые реформы. Проведенный в статье анализ влияния электронных счетов-фактур на сбор налогов показал, что они способствуют улучшению налогообложения в сфере электронной коммерции, снижают издержки и помогают сохранить окружающую среду, повышают эффективность сбора налогов и налогового администрирования, а также ускоряют процесс информатизации государственного управления. Развитие электронных счетов-фактур в Китае поможет решить проблемы в сборе налогов и управления налогообложением в информационной среде, также будет способствовать: снижению издержек налогового администрирования, усилению налогообложения электронной коммерции, развитию налоговых реформ в Китае в соответствии с требованиями эпохи цифровой экономики. Несмотря на то, что внедрение электронных счетов-фактур в Китае достигло определенных успехов, в этой сфере остаются нерешенные проблемы. К этим проблемам относятся: отсутствие глубокого понимания сущности электронных счетов-фактур; проблема возникновения дополнительных издержек при необходимости печати электронных счетов-фактур покупателями; разрыв между применением электронных счетов-фактур и существующей моделью управления налоговой информацией, которая копирует модель управления бумажными счетами-фактурами. Данные вопросы требуют дальнейшего изучения и обсуждения.

КЛЮЧЕВЫЕ СЛОВА

Электронные счета-фактуры, налоговое администрирование, налоговые реформы, налоговая система Китая, цифровая экономика

ОСНОВНЫЕ ПОЛОЖЕНИЯ

1. Применение электронных счетов-фактур является важным этапом внедрения «Налогообложения Интернет+»
2. Электронные счета-фактуры послужат основой реформирования налоговой системы Китая в условиях цифровой экономики
3. В краткосрочной перспективе неизбежно длительное сосуществование электронных и бумажных счетов-фактур
4. В долгосрочной перспективе развитие системы электронных счетов-фактур ускорит налоговые реформы в Китае и изменит существующую систему бумажных счетов-фактур

Introduction

With the mushroom growth of information technology and the Internet, and the vigorous rise of e-commerce in China, construction of China's information society has entered a new stage. Paperless, electronic technology has become the development trend of social and economic life. Invoice is an important part in the economic life in China. The traditional paper invoices due to their own limitations is not consistent with the development trend of tax information and social information. In 2009, China began to pilot the network invoice, and then gradually launched the promotion of electronic invoices. Electronic invoice is the product of the development of information technology and Internet, and is an important part of the tax information construction in China.

Electronic invoices have been launched in several provinces in China. At present, some achievements have been achieved. In the future, electronic invoices will have some impact on tax collection and tax system reform in China. But there are some urgent problems to be solved.

Literature review

Sorting out the research topics related to electronic invoices in China and other countries in recent years. The main focus is on the following fields.

Argument on the necessity of carrying out electronic invoice. Zhong Fasheng [1] believes that with the popularity of smart phones and mobile Internet and other terminal devices, the application and promotion of electronic invoices are indispensable. First, it saves the cost of tax administration and enterprise management. Such as China Telecom saves 2300 tons of paper every year after the implementation of electronic invoice, and it saves related expenses more than 400 million. Second, the office efficiency of tax authorities and ticket companies has been greatly improved.

Sun Rongzhou, Fu Yangfan and Liu Musheng [2] believes that the application of electronic invoices can improve the efficiency of tax departments, and timely

grasp the taxpayer's invoice use, whereabouts and related details. It is conducive to consumer rights protection, to prevent and eliminate invoices forgery, reduce the frequency of illegal cases of tax evasion, reduce the occupation and waste of state human resources.

Yu Dan [3] thinks that an effective invoice system is not to participate in the economic transaction by "controlling ticket", but the design of a monitoring mechanism to overcome false behavior, tax evasion in the transaction.

With the advent of the information age and the progress of Internet technology, electronic invoices have been born, and the promotion and application of electronic invoices have an irreplaceable impact on e-commerce, modern services and other industries. So, the promotion of electronic invoices can adapt to the future development of society, electronic invoices gradually replace ordinary invoices is an inevitable trend.

Research on the obstacles of electronic invoice management. Shao Lu [4] put forward to the following obstacles of electronic invoice management in the process of promotion, from the perspective of management change. First, the accounting system and the file management system mainly aim at the paper invoice and deviate from the original intention of the electronic invoice, which does not conform to the promotion of the electronic invoice. Second, the authenticity audit standard of electronic invoices is different from the traditional paper invoice identification. Several times of downloading, printing and copying can not guarantee the uniqueness of invoice reimbursement.

Cao Jing [5] thinks that the old invoice management channel restricts the operation platform of the emerging electronic invoices, which is the most important obstacle in the process of electronic invoice operation.

Rapid development of electronic commerce and continuous optimization of science and technology. The traditional paper invoice is gradually decoupled from the modern market. This requires the

gradual promotion of electronic invoices to meet the needs of the times, there are many obstacles in the process, it is urgent to further strengthen management to ensure the orderly promotion and operation of electronic invoices.

Research on improving the management of electronic invoices. Li Ping (2016) [6] put forward the concrete measures of China's invoice management. First, speed up the legislative process of electronic invoices and system construction. Second, unify and standardize the national electronic invoice standard. Third, avoid bundling special equipment, reduce the burden on taxpayers. Fourth, build electronic invoice security system, prevent virus invasion and malicious attack.

M. Lagzian and N. Naderi [7] points out that in the process of invoice electrification, social benefit and operation effect should be paid more attention. Such as Singapore government sends electronic invoices to all operators, in order to realize the full coverage of electronic invoices in the transaction process. Singapore electronic invoices mainly through the client and online issued two models, respectively for large volume of commercial enterprises and small and medium-sized enterprises.

A. Cuylen, L. Kosch and M. H. Breitter [8] proposes that the digitization of invoice process provides a good opportunity for enterprises to reduce expenses, optimize management tasks, and improve efficiency and competitiveness. The European Commission has implemented the draft directive on public procurement of electronic invoices. The electronic invoice information will be sent to the taxpayer and the ticket holder by means of SMS. The relevant data are uploaded to the electronic invoice system. At present, the electronic invoice process is basically consistent to meet the needs of different countries.

The above scholars' suggestions, from different angles, different perspectives, have a certain reference. In the process of operation, electronic invoices should focus on legislative protection, and solve the menace from the rear.

In summary, the research perspectives of electronic invoices in China and other countries are diverse. These studies have certain forward-looking and systematic, and put forward a lot of suggestion and measures for the application and management of electronic invoice. But there are some shortcomings. First, most of the related research focus on certain aspects, such as electronic invoice operation, problems and improvement measures and so on, but ignores the complete comb about relevant theory and the practical promotion of electronic invoice. Secondly, these studies tend to make a statement in the experience of electronic invoice management, ignoring the effect of electronic invoice operation, especially the impact of electronic invoices on tax collection and tax reform.

The connotation of electronic invoice and its development in other countries

The definition of electronic invoice.

Electronic invoice has been gradually promoted, with the development of information technology, networking and e-commerce. Because of its short history of development, there is no uniform definition of electronic invoices. However, several representative concepts can be sorted out. So we can have a general understanding about the characteristics and attributes of electronic invoice.

According to the definition of the European Union on electronic invoice, electronic invoice is a data set, which lists all of the items sold by the provider, that is transmitted to the buyer via the electronic data interchange, and that includes all agreed details of the transaction by both parties.

According to the definition of the Ministry of Finance Department of Taiwan in China, electronic invoice is a document which is issued by a business enterprise with the computer, and transmitted over the internet [9].

However, Chinese scholars generally think that electronic invoice is a kind of certificate, but it is stored through electronic format. Such as Tao Zhaohua (2013)

pointed out that the electronic invoice is a kind of certificate which exists in the form of electronic data message [10]. Cai Lei believes that electronic invoice is a receipt and payment voucher, which is stored through electronic format, and which is issued in the process of buying and selling goods, providing labor services or accepting labor services, or engaging in other business activities [11].

From another point of view, the electronic invoice is an electronic image of paper invoices, is a string of electronic records. Although the basic attribute of electronic invoices as a voucher is the same as the paper invoices, there are still some differences in the invoice issue, storage, query, and other aspects.

The development of the electronic invoice in other countries. To promote the development of electronic invoice, European Union and China's Taiwan region have improved the policy and legal environment for the use of electronic invoice. Such as the introduction of relevant policies and regulations, the establishment of special government organizations and so on.

As early as 2001, the European Union began to design the system of electronic invoice. In December 2001, the European Union passed the relevant act on increasing the efficiency of VAT invoice system, and acknowledged the validity of electronic invoices. In 2003, the European Union issued the guidelines for electronic invoices, which clearly defined the unified format, content, procedure and place and method of electronic invoice [12]. Since 2005, some countries in European Union have actively promoted relevant legislation to ensure the promotion and use of electronic invoices. Most of the countries in the European Union to promote electronic invoicing is starting from the large enterprises. In addition, the government public procurement field is strictly incorporated into the scope of the use of electronic invoices [13; 14].

From the current laws and policies about electronic invoice, the main contents of the electronic invoice system of EU include the following [12; 15]. First,

electronic invoice has the same status with paper invoices in law. Second, according to the latest EU electronic invoice regulations, all invoices, whether paper invoice or electronic invoice, must include data that meets the minimum requirements for electronic invoice. But what are the specific minimum standards, different countries have different interpretations. Third, the electronic invoice should be able to control the business of the enterprise. Fourth, the electronic invoice must ensure the authenticity of the source and the integrity of the content. Fifth, the electronic invoice must be archived in its original state. Sixth, all supporting documents for electronic invoice must be stored in the same place as the electronic invoice.

China's Taiwan region is also one of the early implementation of electronic invoice. From 2000, in the field of e-commerce, paper invoices are no longer be sent, but the uniform use of electronic invoices. In 2010, electronic invoice was extended from online transactions to offline transactions. Electronic invoice in Taiwan run through a specific mode. In this mode, "integrated service platform" and "value-added service center" together to provide the creation, transmission and reception of electronic invoice for taxpayers. "Integrated service platform" is established by the Taiwan "Ministry of finance". "Add value service center" is set up by the enterprise or the third party institution. In Taiwan, electronic invoice is issued through buyer's value added service center, seller's value added service center or independent third party value added service center [16; 17]. No matter what kind of way, all the data are required to send to the "integrated service platform" for unified integration. Value added service center can help businesses to open invoices, and also responsible for the management of electronic invoice, and docking with "integrated service platform". The functions of "integrated service platform", includes invoice deposit, tax services, cross network integration, data exchange, statistical analysis and so on.

The development of electronic invoice in China and its development orientation

Development process of electronic invoice in China. In February 2013, the State Administration of Taxation issued the “measures for the administration of network invoices”, and pointed out that if the conditions permit, the electronic invoices can be tried out.

In June 2013, “the announcement of pilot several matters about electronic invoice application” was issued in Beijing. Since June 27, 2013, the application of electronic invoices pilot was carried out in Beijing. On the same day, Beijing’s first electronic invoice was born in Jingdong mall website. This is also the first electronic invoice in the field of e-commerce in China.

In December 2014, Beijing’s first electronic invoice in the field of financial insurance was issued by China Life Insurance Company. The use of electronic invoices were expand from online to offline. This is an important step in the development of electronic invoice. Electronic invoices will be extended to more industries and fields. So it will play a greater social and economic effects.

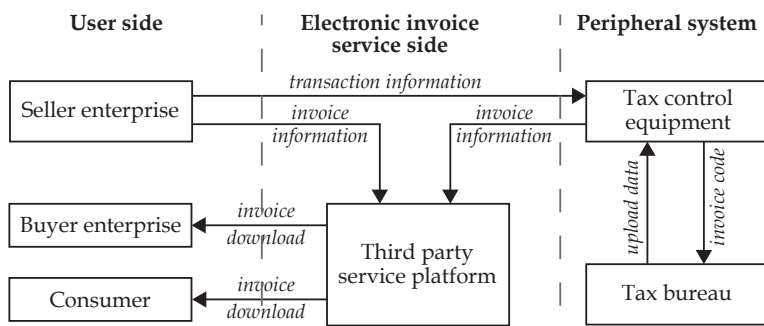
In July 2015, “the notice about the VAT invoice system upgrade electronic invoice commissioning work about the problem” was issued by the State Administration of Taxation. Since August 1, 2015, the trial operation about electronic invoice of VAT invoice system upgrade version were carried out in Beijing, Shanghai, Zhejiang and Shenzhen.

In November 2015, electronic invoice of VAT invoice system upgrade version were pushed to the whole country. The legal effect, basic purpose and basic usage of VAT electronic invoice are the same with the VAT paper invoice.

In April 2016, the national telecommunications industry’s first value-added tax electronic ordinary invoice was issued by the Ningbo China Telecom. The scope of application of electronic invoices has been further widened.

Thus, the promotion of electronic invoices in China has entered the multi-dimensional application stage. From the industry perspective, electronic invoices have been applied to business, finance and insurance, telecommunications and other industries. From the geographical perspective, electronic invoices have been extended to all the country from the first five pilot cities. From the perspective of the enterprise, more and more enterprises begin to use electronic invoices, such as Jingdong mall, China Telecom, China life and so on.

At present, the operation mode of electronic invoice in China is “tax control equipment + third party service platform”. On the basis of the VAT invoice system, the State Administration of Taxation developed tax control system about VAT electronic ordinary invoice. At the same time, transformation plan about connect national tax control system and local electronic invoice system was developed. The specific application scenarios of electronic invoice are mainly composed of three parts: user side, electronic invoice service side and peripheral system (Figure).



Operation mode of electronic invoice in China

Development orientation of electronic invoice. First, the promotion of electronic invoices should not be limited to the field of online transactions, the field of offline transactions also should be covered. Although the application of electronic invoice is closely related to the rapid development of e-commerce, it should not be confined to the field of electronic commerce. The practical experience of European Union and Taiwan area of China can be seen, electronic invoices also play an important role in the field of public procurement of the government, the residents of the daily consumption of physical entities.

Second, the promotion of electronic invoices should jump out of misunderstanding about traditional paper invoice management, focusing on the record of complete, comprehensive, real transaction information. At the beginning of the application of electronic invoices in China, the main purpose is to reduce the cost of paper invoices, thus reducing the burden for enterprises and increasing the efficiency for enterprises. Therefore, the application of the early electronic invoice is only the electronic of the paper invoice, which does not involve the “Information Management Tax”. But in the long run, the electronic invoice shall be located in the electronic information that records the actual transaction between micro economic entities. If this function can be achieved, data about micro economic activity can be automatic and real-time collected. National economic statistics and indicators of economic operation can be automatically generated [18]. In a sense, it constitutes the technical and data base of national governance modernization in the digital economy era.

The influence of electronic invoices on tax collection and existing problems

The influence of electronic invoices on tax collection. Electronic invoices can make up for the deficiencies of the current tax collection and management system in the network information era, and have the important significance in saving the cost of tax collection and management, improving the efficiency of tax collection and

management, and promoting the modernization of tax administration.

Electronic invoice helps to strengthen the taxation in the field of e-commerce. In recent years, with the popularity of the Internet, the improvement of network payment technology and the change of consumption concept, online shopping is more and more popular. The scale of e-commerce is also growing rapidly, widely penetrated into various fields. The rapid development of e-commerce has changed the traditional mode of management and production organization, and also challenged the traditional tax collection and management system. Paperless network transactions and the concealment of the transaction subject increase the invisibility of the transaction process in e-commerce. Electricity supplier operators often use a variety of means not open or less invoice, so as to avoid tax collection, and reduce the tax payment [19]. Different from traditional paper invoices, the application of electronic invoices can fully meet the requirements of electronic transactions and electronic payment. Electronic invoice can identify the identity of the transaction entity in real time, get the transaction information, and lay the foundation for the taxation of electronic commerce [20].

Saving costs and boosting environmental protection. For a long time, China has set up a special paper invoice system. Paper invoice has five functions: nuclear tax, reimbursement, and accounting, warranty and safeguard legal rights. Invoice as a commercial document, is record the economic exchanges between the relevant subjects in the course of the economic activities. Invoice not only is the accounting vouchers, and is an important basis for tax collection. Invoice is an effective proof of record of various business activities. Because of the wide use of the paper invoice, so there is a huge social cost. Application of electronic invoices, essentially means that fundamental changes in China's paper invoice management system. Application of electronic invoices, will help reduce the cost of tax collection, improve the efficiency of the Tax Revenue Department, enhance the modernization and informa-

tization level of the Tax Revenue Department, and enhance the management level and service level of tax collection and management.

Application of electronic invoices, will help to establish a green, environmentally friendly and sustainable social environment. First, save the cost of paper invoices, contribute to the reduction of environmental pollution and social sustainable development. Second, save a large number of commuter demand and labor costs of enterprises and institutions, and reduce carbon emissions. Third, promote the establishment of social credit system, solve the problem of the establishment of the integrity system in the process of economic development in China.

Improve the efficiency of tax collection and management. First, electronic invoice and relevant transfer information can be uploaded real-time tax control system. The tax authorities can monitor the transaction process and master the taxpayer's production and operation, and promptly found illegal tax violations, through inquiry, statistics and Analysis on the electronic invoice information. So electronic invoice can enhance the pertinence and effectiveness of tax collection and administration. Secondly, the electronic invoice has the characteristics of paperless and automation. The use of electronic invoice can not only save a large number of printing, transportation, storage and distribution of human and material resources, but also greatly reduce the workload of the tax authorities in the audit, verification, audit invoices and other aspects. On the one hand, it improves the efficiency of tax collection and management of tax authorities, on the other hand, it can release more government resources to improve the level of tax service [21].

Speed up informationization of government management. At present, the technology content of government management methods is relatively low, it is difficult to timely and accurate access to relevant enterprises, market, consumer information, and government management lags behind economic development, especially the development of network economy cause

the difficulties of government management. China's statistical system is based on the National Bureau of statistics, and is formed through the combination of various government departments. A lot of statistical data is reported layer by layer, and there are a lot of subjective components, even some data serious distortion. This will directly lead to the basic data distortion which are used in China's macroeconomic regulation and control.

Therefore, from the point of long-term development, informationization of government management must be speed up, government management mode, must be transferred. The use of information technology and network tools can form an early warning mechanism, rapid response mechanism and comprehensive regulatory mechanism. The electronic invoice is precisely provides an important tool in this area. Because the electronic invoice can be used as a data carrier of actual transaction. In the premise of electronic invoice standardization, automatic formation of transaction records, real-time summary of transaction data, security transmission of electronic data, will become the source of China's real market data [22]. On this basis, it will reinforce the basic data system of our country, and provide important support for national decision-making, regulation and control of the economy and so on.

Existing problems. The development of electronic invoice has played an important role in saving the cost of tax collection and management and improving the efficiency of tax collection and management, but there are still some problems.

Lack of deep understanding of electronic invoices. At present, the main reason for the promotion and application of electronic invoice is attributed to the cost saving and strengthening the tax collection and management of e-commerce. Sufficient knowledge was not given in regulating government expenditure, improving the effectiveness of market regulation, protecting the interests of consumers, and regularizing offline entity transaction.

The implementation of the electronic invoice can reduce operating costs of tax-

payer, reduce paper consumption, and facilitate the preservation and use of consumers. The implementation of electronic invoice also create the necessary conditions for the automatic collection and use of tax data. However, if the electronic invoice is only regarded as the upgrade of the paper invoice and the network invoice, and its application value is still confined to the level of “control tax through paper invoice”. This will undoubtedly greatly limit the role of electronic invoice.

There still exist reimbursement problems in the early stage of the promotion. At present, there are no obstacles in the policy about reimbursement issues on paper edition of electronic invoices in China. But there is a risk of repeated reimbursement. Paper invoices and electronic invoices have the appropriate security measures, but the paper invoice is the only, and the paper version of electronic invoice can be unlimited copy. In order to ensure the paper version of electronic invoice has not been distorted or repeated reimbursement, each paper version of electronic invoice need artificial verification and comparison. This leads to the reimbursement about paper version of electronic invoice not reduce the workload but bring greater financial personnel workload.

In addition, for consumers, the use of paper version of electronic invoices means that the cost of printing of electronic invoice will be passed on to consumers. One of the purposes of the implementation of electronic invoice is paperless, but the current accounting system of most enterprises are difficult to achieve paperless, especially in reimbursement and storage of electronic invoice. In other words, at present, there is no such condition that invoice can be reimbursed only use electronic version of electronic invoice. Consumers still can not bypass the printing of electronic invoice in the reimbursement process. As a result, the cost of printing of electronic invoice is transferred from the enterprise to the consumer.

It is still not the true “Information Management Tax”. The change of management center of invoice from the “legitimate control of invoice” to the “real time acquisi-

tion of the tax information” is an important attempt to transition from “control tax through paper invoice” to “information management tax”. Electronic invoice provides the basis for the “information management tax”. But, the current management model of electronic invoice is a copy of the traditional model of paper invoice. Although the network provides convenience for the issuing of electronic invoices. The information of electronic invoice need manual input, and that is not associated with the trading system of enterprises. Filling process of electronic invoice and trading process were in a state of separation permanent. Therefore there will still be the problem of fake invoices and real-time monitoring of the tax information is limited.

Promotion path of electronic invoice needs to be further optimized. Promotion path of electronic invoice in EU and Taiwan display that large enterprises and government public procurement are the preferred applications. The main reason is that there is small resistance in these field. And the economic benefits and social benefits achieved in the short term are greater [23]. In the field of large enterprises and B2B, there are good information environment. This provides a convenient way to record the real transaction information for electronic invoice. In the field of government public procurement, due to the centralized payment of government agencies and the basis of the settlement of individual business card, the implementation of electronic invoice can realize automatic reimbursement and accounting records.

The impact of electronic invoices on China's tax reform

The promotion of electronic invoice is an important measure of the implementation of the “Internet plus Taxation”. In order to adapt to the development of internet and e-commerce, and meet the needs of internet tax services for taxpayers. State Administration of Taxation promote the work of “Internet plus Taxation”, in the hope of promoting the modernization of tax.

The promotion of electronic invoice is an important measure to practice the work of "Internet plus Taxation". Since 2013, Beijing and other provinces have carried out the application of electronic invoice pilot, and their own electronic invoice system was researched and developed. After that, the State Administration of Taxation developed a new electronic invoice system under the favorable conditions for the nationwide implementation of upgraded version of the VAT invoice system. At the same time, the new scheme was developed, in order to connect the existing electronic invoice system of some provinces.

Electronic invoice will lay a solid foundation for the China's digital economy tax reform. The tax problem of the digital economy is approaching, with the rapid development of the global digital economy. All countries in the world are studying and formulating tax law system and relevant measures to deal with the challenge of the digital economy. Britain, Australia, South Korea, India and other countries have begun to levy tax in the field of e-commerce. In July 2013, OECD launches Action Plan on Base Erosion and Profit Shifting. Address the tax challenges of the digital economy is listed as the primary item in the action plan.

There is no doubt that levy tax on the digital economy. But the most important thing is not how much tax can be levied, but the ability to levy a tax on the digital economy. Because of the concealment and rapid change of the digital economy, in order to levy a tax, the identification of transaction subject and the capture of transaction information need to be first resolved. For the digital economy, the transaction can be completed through the network, if there are only a few peripheral measures, it is difficult to obtain a complete transaction information. Electronic invoice is the most appropriate and effective tool. Electronic invoice is the basis of taxation on digital economy [24]. On the one hand, the application of electronic invoice help the tax department to gradually realize tax control and supervision, on the other hand, the cost of tax collection will be reduced and the

efficiency of the tax department can be greatly improved.

In the short term, the development of electronic invoice resulting in double-track system that China's electronic invoice and paper invoices coexist. At present, China's paper invoice system is very large, in the short term, the use of electronic invoice to replace paper invoices is not a realistic idea. There is a huge difference in the scale of enterprises in China, including large enterprises, also including individual industrial and commercial households. Therefore, the demand for electronic invoice is huge difference between large enterprises and small businesses. So, the promotion of electronic invoice should be double track system that electronic invoices and paper invoices coexist. After a relatively long process, the final transition to a single era of electronic invoicing. In the promotion process, the use of electronic invoices in e-commerce transactions can be given priority, so as to avoid conflicts with the existing paper invoice.

In the long run, the development of electronic invoice forced China's tax reform, may be reconstruct the current paper invoice system of China. Due to the contact of accounting function and fiscal function of invoice, a huge demand of "false invoices" is formed. The phenomenon of false invoices is difficult to prohibit in China. The tax authorities shall control the invoice by screening the legality of the invoice form. And the tax authorities ignore the supervision of the authenticity of the transaction embodied in the invoice.

The purpose of the implementation of electronic invoice is to save transaction costs, to stop the illegal acts of invoices, but the progress of technology has not blocked the pace of illegal invoices, illegal means will show a more subtle features. Facts show that the application of paper invoices and regulatory model to monitor the electronic invoice is unable to control the illegal acts of invoices. Therefore, we should take the technical innovation as an opportunity to reflect on the limitations of the current invoice supervision model, and according to the

characteristics of electronic invoices, promote the change of the invoice system. First, to ensure the equality of the three parties which are enterprise, consumer and taxation department. Second, to pro-

mote the construction of electronic invoice platform and the management of the market. Third, to promote real-time, automatic correlation between transactions and electronic invoice.

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